

Message Text

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22

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 OPIC-03 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 /099 W

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R 032210Z SEP 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 1417

INFO AMCONSUL GUAYAQUIL

CONFIDENTIAL QUITO 6352

E.O. 11652: GDS

TAGS: BDIS, ENRG, EC

SUBJECT: NORTHWEST PLANS TO SETTLE CONFLICT WITH ADA SO AS TO

PERMIT OPIC ASSISTANCE TO NORTHWEST

1. SUMMARY: NORTHWEST ATTORNEY ALLENDE HAS REPORTED TO EMBASSY THAT NORTHWEST HAS DECIDED TO MAKE AN INDIRECT APPROACH TO ADA TO WORK OUT DETAILS OF POSSIBLE SETTLEMENT OF ADA'S CLAIM, BECAUSE OPIC IS DENYING ASSISTANCE TO NORTHWEST SO LONG AS THE ADA CLAIM REMAINS UNRESOLVED. END SUMMARY.

2. NORTHWEST ATTORNEY JUAN ALLENDE REPORTED TO DCM ON SEPTEMBER 3 THAT HE HAD TOLD MINISTER OF NATURAL RESOURCES ON SEPTEMBER 1 THAT OPIC WAS UNWILLING TO CONSIDER NORTHWEST'S APPLICATIONS FOR FINANCING AND POLITICAL RISK INSURANCE UNTIL THE ADA CLAIM WAS SETTLED. ALLENDE SAID HE WAS COMPELLED TO DISCUSS THE ISSUE WITH VARGAS SINCE GOE APPROVAL WOULD BE NECESSARY FOR ANY DEAL BETWEEN NORTHWEST AND ADA. HE ADDED THAT THE MINISTRY OF FOREIGN RELATIONS HAD ALSO BEEN INFORMED OF OPIC'S POSITION.

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3. VARGAS WAS INITIALLY FURIOUS, TERMING THE OPIC ACTION

"INTERVENTION" IN ECUADOREAN AFFAIRS. IN SUBSEQUENT CONVERSATIONS, HOWEVER, VARGAS ADVISED NORTHWEST TO CONTACT ADA AND DISCUSS POSSIBLE TERMS FOR SETTLEMENT. ALLENDE SAID THAT NORTHWEST WAS RELUCTANT TO APPROACH ADA DIRECTLY, BUT WAS NOW INVESTIGATING POSSIBLE APPROACH THROUGH A THIRD PARTY.

4. IN RELATED DEVELOPMENTS, ALLENDE ALSO REPORTED THAT VARGAS HAD ORDERED NORTHWEST TO BEGIN WORK IMMEDIATELY OR FACE GOE CANCELLATION OF ITS CONTRACT. NORTHWEST IN TURN HAD INSISTED THAT ITS PLANS WERE DEPENDENT ON CEPE'S LONG OVER-DUE COMPLETION OF THE MIXED-COMPANY CONTRACTS BETWEEN NORTHWEST AND CEPE. ALLENDE SAID HE EXPECTS THESE PROBLEMS TO BE QUICKLY RESOLVED, AND NORTHWEST MAY BE ABLE TO COMPLY WITH THE MINISTER'S REQUEST TO HOLD AN OPENING CEREMONY IN GUAYAQUIL LATER THIS MONTH, A CEREMONY FOR WHICH THE MINISTER IS ARRANGING MAXIMUM PUBLICITY.

5. NORTHWEST ASKED SPECIFICALLY THAT PLANNED NORTHWEST ACTIVITIES NOT BE MENTIONED TO ADA.

BLOOMFIELD

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NNN

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